GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

CA,F&CS Department – AP State Civil Supplies Corporation Limited – Enhancement of Cash Credit Limit to Andhra Pradesh State Civil Supplies Corporation Limited , Vijayawada to Rs.15,000 Crores for debt swapping and fresh finance from the Non State Bank of India Banks at Lower Rate of Interest for procurement of Paddy from the Farmers during Kharif and Rabi Seasons–Permission Accorded–Orders – Issued.

CONSUMER AFFAIRS, FOOD AND CIVIL SUPPLIES (CS-I) DEPART MENT

G.O.MS.No. 19 **Dated: 24-11-2017**

Read the following :

1. From the VC & Managing Director, APSCSCL, Hyderabad Lr.No.Accts C4/C/22(2)/2016-17, dated 28.08.2017.
2. Orders of the Special Chief Secretary to Govt. Finance Dept in Memo No.22022/3/DM/2017 dated 23.05.2017.

ORDER :

The Vice Chairman and Manaing Director, Andhra Pradesh State Civil Supplies Corporation Limited, Vijayawada in the reference first read above submitted proposals to the State Government to permit them for debt swapping of outstanding Cash Credits with the SBI by availing financial support from other Banks at lower rates of interest. The Corporation also requested for according of State Government guarantee to the Banks in the matter and to extend the same for the future lending.

2. The Vice Chairman and Managing Director, Andhra Pradesh State Civil Supplies Corporation Limited, Vijayawada has explained about the need of debt swapping and availing fresh finance from the Commercial Banks other than food credit being received from State Bank of India. At present the Corporation is paying 10.03% towards interest to SBI at food credit rates, whereas several banks are coming forward to lend to meet the cash credit at much lesser interest rates under commercial mode of lending subject to condition that the loans shall be guaranteed by State Government.

3. The paddy purchased from farmers under MSP operations are milled and put to use in the PDS. The quantities procured over and above the requirements of the State are delivered to FCI at cost fixed by the GOI.

Sl.No.	**Season**	**Quant it y in MT s.**	**Cost paid to the farmers. (Rs. In Crores)**
1	KHARIFF 2015-16	4402271.000	6253
2	RABI 2015-16	2070540.000	2983
3	KHARIFF 2016-17	3862171.000	5722
4	RABI 2016-17	1685300.000	2521
T OT AL :		**12020282.000**	**17479**

i At present the Corporation is having outstanding Cash Credits to the extent of Rs.11000 crores out of which about Rs.2500 crores could be cleared before 31st October by way of Rice subsidy from State and Central Governments and the net outstanding would be Rs.8500 crores which is supported by stocks, subsidy dues and book debts.

ii. The requirement of funds for the coming Khariff 2017-18 from November 2017 to March 2018 would be about Rs.6500 crores.

iii. Therefore the Corporation is in need of Rs.15,000 crores to meet the debt swapping and also for paddy purchase operations to meet the aim of availing of finance at restricted and lower interest rates.

iv. For the present the offer of Rs.4000 crores at 7.9% monthly MCLR from Punjab National Bank is considered and the offers from other banks will be considered in terms of interest rates as and when materializes.

v. The Government has agreed to consider extending guarantees to the other Banks as per the requirements from time to time.

vi. The stock position of Paddy and Rice is under the hypothecation charge to SBI against which the Corporation is seeking financial credits from various scheduled Commercial Banks for debt swapping.

vii. The Corporation sources for repayment are the central subsidy on rice to the tune of Rs 5600 crores, state subsidy of Rs 2800 crores and CMR sales to FCI Rs 2000 crores per year.

viii. The variation in interest rates of SBI and Non SBI Banks is about 2%.In an effort to avoid it, the Corporation is seeking financial support from Commercial Banks at lower rates of interest, whereas the Finance Department has stipulated that the Corporation has to pay 2% guarantee commission which may not full fill the objective of reducing the interest burden in toto.

4. The Vice Chairman and Managing Director, APSCSCL, Vijayawada, has reported that keeping in view the immediate interests in Minimum Support Price operations for procurement of paddy from farmers to be commenced from October 2017, it is proposed to take financial support from commercial Banks at lower rates of interest and also to continue the present mode of RBI sanctioned Cash Credits, till the time the Commercial Banks shall be able to fulfil the complete requirements.

5. Government have examined the proposal of the Vice Chairman and managing Director, APSCSCL, Vijayawada in consultation with the Finance Department and hereby accord to extend the Government Guarantee for taking fresh loans with an interest rate of 7.9% or less to the tune of Rs.15,000 crores initially for clearing all the existing loans with higher rate of interest subject to the following terms and conditions:

(i) The loan amount for which Guarantee is given is enhanced to Rs.15,000 crores to cover swapping of high cost loans outstanding and also to take fresh credit to manage this year procurement operations. The Corporation can utilise only the amount required.

(ii) The Corporation have to Pay the Guarantee commission @2% of Guaranteed amount i.e Rs.1500 crores to State Government as onetime measure.

(iii) Remaining debt repayment and future procurement operations are to be managed by disposing the additional stocks available with APSCSCL and realizing the dues receivable from the Govt. of India.

(iv) APSCSCL shall take any further loans only with the approval of the Govt. of Andhra Pradesh to keep their debt burden under control.

6. The Vice Chairman and Managing Director, Andhra Pradesh State Civil Supplies Corporation Limited, Vijayawada is authorized to enter loan agreements with the Commercial Banks for debt swapping and fresh loans to a tune of Rs.15,000 Crore for procurement of paddy from the farmers and take necessary steps for pledging the stocks with the respective banks as per the norms and maintain the accounts as per the terms and conditions in the Bank Agreement. He is also requested to send necessary proposals to the Government for extending the Government Guarantee from Finance Department to the loans taken by them time to time. Further, the A.P.

State Civil Supplies Corporation Ltd., is directed to prudently utilize the loan in order to reduce interest burden.

7. The Commissioner of Civil Supplies, Andhra Pradesh, Vijayawada is requested to obtain the periodical reports from the APSCSCL, Vijayawada and send the Cash Credit position to the Government for record purpose.

8. This order issues with the concurrence of Finance Department vide their Finance (DM) U.O. Note No. -22022/3/2017, Dated:23-11-2017.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

B.RAJSEKHAR,
EX.OFFICIO PRINCIPAL SECRETARY TO GOVERNMENT

To
The Vice Chairman and Managing Director,
Andhra Pradesh State Civil Supplies Corporation Limited, Vijayawada.
The Commissioner of Civil Supplies, Andhra Pradesh, Vijayawada.
Copy to :
The Finance Department (DM) Department.
The P.S. to Principal Finance Secretary to Govt., Finance Department.
Sf/sc

// FORWARDED BY ORDER //

SECTION OFFICER